the present one and in the case of the peso about 6 per cent over the Indian rupee.

The leading requirements for the maintenance of the gold standard are set forth, particular attention being given to regulations needed for adjusting the supply of fiduciary coins to trade needs and the maintenance of an adequate gold reserve. It is to this last problem that most of the author's attention is given. Its functions, *i.e.*, (a) to secure an automatic adjustment of the currency supply to the demands of trade and (b) to create and maintain public confidence in the fiduciary currency are carefully explained. A minimum reserve of 40 per cent is recommended for the outset with perhaps 30 per cent later, this to be held in national gold coins, standard gold bars, and foreign gold coin with no more than perhaps 10 per cent in silver, preferably coin at the outset. Part of this fund might be kept in New York or London. The fund is to be accumulated from various sources among which are seigniorage profits in coining silver and a loan fund of P 20,000,000.

An introduction by Rafael Nieto, a member of the commission, states that the recent decline in the price of silver to about 85 cents per ounce has made unnecessary the recoinage of the silver currency but that if the price should again rise to a point sufficiently high to encourage "the exportation of fractional silver, recoinage will be imperative."

The report is lucid throughout, and is an excellent illustration not only of the expert knowledge of its author and his thorough familiarity with the problem he is treating but of the attractive form in which a public report on a subject usually considered uninteresting may be presented. Such material is vastly superior for the uses of a teacher to the ordinary textbook treatment. The only regret felt by a reader is that our whole money and currency problem is as yet unsolved. A world whose welfare is so much at the mercy of a slight fluctuation in the price of a single commodity has much to learn and much to do. Even such remedies as Professor Kemmerer proposes would be a protection only against a rather moderate rise in silver prices in the future.

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NEW BOOKS

Bauer, S. *Untersuchungen über die Lebenskosten in der Schweiz.* (Munich: Verein für Sozialpolitik. 1917. Pp. xxiii, 303.)

DESCHAMPS, H. *Précis d'un cours de banque.* (Paris: Dunod & Pinat. 1918. 5.50 fr.)

EDGEWORTH, F. Y. *Currency and finance in time of war.* (New York: Oxford Univ. Press. 1917. Pp. 48. 40c.)

ESCHER, F. *Foreign exchange explained.* (New York: Macmillan. 1917. Pp. xii, 180, xxxviii. $1.25.)

This book contains in a more fully elaborated form much of the material found in the author's *Elements of Foreign Exchange,* published first in 1910—a book which has had a deservedly wide use as a college textbook. The present book, however, contains considerable material not found in the earlier book, as for example two chapters dealing with dollar exchange, a chapter on the silver exchanges, and a fuller and much more satisfactory treatment of the relations between the foreign exchanges and the money market. Appendices contain illustrative problems, and the elementary facts concerning the coinage systems of leading countries. There is no treatment of the important foreign exchange subject, the gold-exchange standard, and little attention is given to international exchange on our own continent. Canada is barely mentioned and Mexico is ignored. Both of these exchanges are of interest to American students.

The reviewer discovered a few inaccuracies but none of them are serious. For example, on pages 25 and 26 the author says: "If, for example, for every pound sterling of exchange created by the import of merchandise there is created a demand for two pounds sterling by reason of merchandise exports, it is very evident that the rate of exchange is likely to go up" etc. Here the author has incorrectly interchanged exports and imports. Obviously merchandise imports create a demand for sterling exchange and merchandise exports create the bills. Exchange rates go down when exports exceed imports, not up. The discussion of the theory of gold movements on page 73—a theory which the author says is "held far more strongly, by the way, among economists than among practical bankers"—is not satisfactory. The theory discussed is not adequately stated, and should have been more fully treated or ignored entirely.

Unlike most books on foreign exchange this one is not burdened with needlessly complicated mathematical illustrations that confuse rather than illustrate. The author's illustrations are effective because they are largely hypothetical and can therefore be made simple and be freed from extraneous details that encumber many so-called "practical illustrations taken from actual business." The style is simple and direct. Mr. Escher has written a book that will make a strong appeal to the serious minded student, and will prove to be a valuable textbook on the subject of foreign exchange for college classes in money and banking.

E. W. KEMMERER.

FOGG, L. A. *Banker's securities against advances.* (New York: Pitman. 1917. Pp. 109. $2.25.)

GARDNER, P. *A history of ancient coinage, 700-300 B.C.* (London: Milford. 18s.)

HARRIS, B. D. *Trade acceptance method in war financing.* (New York: National City Bank. 1918. Pp. 14.)

HOLLAND-MARTIN, R. *A comparative return of trade wages cheques paid by banks in England and Wales during the first nine months of war, 1914-15.* (London: Blades, East and Blades. 1917. Pp. 43.)

MACGREGOR, T. D. *The new business department. Its organization and operation in a modern bank.* (New York: Bankers Pub. Co. 1917. Pp. 94.)

Describes briefly methods of advertising and campaigns for new business.

PIERSON, L. E. *The trade acceptance nationally launched.* (New York: Irving National Bank. 1917. Pp. 25.)

SPALDING, W. F. *Eastern exchange, currency, and finance.* (New York: Pitman. 1917. Pp. 364. $4.50.)

Advertising and service. The Shaw banking series. (New York: A. W. Shaw & Co. 1918. Pp. 312, xxii.)

Designed to assist banking institutions in enlarging their business. Contains chapters on planning advertising campaigns, preparation of mailing lists and letters, and special methods for securing accounts of women and children, foreigners, and farmers. Also the operation of thrift clubs is explained.

First annual report of the Scottish War Savings Committee. (London: Wyman. 1917. 2d.)

Monetary systems of principal countries of the world, 1916. Treasury Department document 2799. (Washington: Supt. Docs. 1917. Pp. 75. 10c.)

Practical questions and answers on the trade acceptance method. (New York: Irving National Bank. 1918. Pp. 21.)

Public Finance, Taxation, and Tariff

Income Tax Procedure, 1918. BY ROBERT H. MONTGOMERY. (New York: The Ronald Press Company. 1918. Pp. x, 800. $4.00.)

The federal income tax and its companion the excess profits tax involve many ideas and lines of thought with which few among the American people are familiar. This unfamiliarity with the underlying ideas as to the nature of income and of income taxation causes much of the confusion which the taxpayer finds in his efforts to understand the new law. The reason for this ignorance is not far to seek. As a people we habitually think of a man's wealth in terms of capital (property) and not in terms of income. We have